## Message Text

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INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 L-03 H-01 NSC-05 SS-15 STR-04 CEA-01 CSC-01 GAO-01 HEW-04 HUD-01 /092 W

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R 030759Z JUN 77 FM AMEMBASSY MADRID TO SECSTATE WASHDC 533

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FOR OMB, CIVIL SERVICE COMMISSION, TREASURY AND GAO

E.O. 11652: N/A TAGS: EGEN EFIN SP

SUBJECT: ASSISTANCE TO SPANISH GOVERNMENT IN BUDGET TECHNIQUES

REF: MADRID 1918 AND PREVIOUS

- 1. THE FINANCE MINISTRY AND ITS INSTITUTE FOR FISCAL STUDIES (IFS) HAVE NOW ASKED THAT THE POSTPONED SPANISH VISIT TAKE PLACE IN THE LAST HALF OF JULY. THEY ASSURE US THAT IF THERE ARE POST-ELECTION CHANGES AT THE DIRECTOR GENERAL LEVEL, THE VISIT WOULD IN ANY CASE BE DISRUPTED. NEVERTHELESS, TO AVOID POSSIBILITY OF A SECOND POSTPONEMENT OF THE VISIT OR OF SUBSEQUENT TRANSFER OF THE SPANISH OFFICIALS TO BE TRAINED, WE RECOMMEND THAT USG AGENCIES AGREE TO A US VISIT BEGINNING THE WEEK OF JULY 18, OR SOMETIME THEREAFTER.
- 2. WE NOTE THAT THE SUBJECT OF REFORMING SPANISH BUDGET PROCEDURES WHICH ARE BASED ON A 1911 LAW IS NO LESS URGENT. IN THE RECENT OECD REVIEW OF THE SPANISH ECONOMY, SPANISH BUDGET PROCEDURES WERE CHARACTERIZED BY LIMITED OFFICIAL USE

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THE SECRETARIAT AS "NOT A JOKE" BUT A SERIOUS PROBLEM. WE HAVE BEEN TOLD THAT IF, AS WIDELY EXPECTED, THE SPANISH MINISTER OF FINANCE IS REPLACED AFTER THE JUNE 1 ELECTIONS, BUDGET REFORM MAY WELL BE GIVEN INCREASEDPRIORITY.

3. IFS DEPUTY DIRECTOR CEFERINO ARGUELLO AND

MINFIN SERVICE INSPECTOR LUIS BENEYTO, THE TWO RANKING OFFICIALS WHO TOGETHER WITH A THIRD MINFIN BUDGET EXPERT WOULD MAKE UP THE STUDY TRIP, ALSO TOLD AN EMBOFF THAT THEY WILL PREPARE TO THE MINISTRY OF FOREIGN AFFAIRS THAT THIS VISIT BE CONSIDERED A PROJECT OF THE JOINT ECONOMIC COMMITTEE.

- 4. THE PROGRAM WHICH THE SPANISH OFFICIALS HOPE FOR WOULD INCLUDE THE BASIC ITENERARY ALREADY AGREED ON IN MADRID 1086 AND PREVIOUS CABLES. DURING THE FIRST WEEK'S WASHINGTON STOP, SPANIARDS WOULD ADDITIONALLY LIKE TO TALK WITH BUDGET EXPERTS IN ONE OR TWO DEPARTMENTS (HEW, HUD, COMMERCE, FOR EXAMPLE) TO SEE HOW THEIR BUDGETS ARE ACTUALLY PREPARED. THEY FEELZERO BASE BUDGETING IS IMPORTANT ENOUGH TOWARRANT EITHER A SEMINAR OR A SIDE TRIP TO MEET WITH GEORGIA OFFICIALS. THEY CAN NOW PLAN A FULL WEEK OR TEN DAYS IN CALIFORNIA AND SO. IN ADDITION TO MEETINGS WITH STATE BUDGET OFFICIALS (SACRAMENTO) AND RAND CORPORATION (SANTA MONICA) WOULD LIKE TO MEET WITH ACADEMIC EXPERTS ON BUDGETS AND WITH BUDGET EXPERTS OF A CALIFORNIA CITY GOVERNMENT.
- 5. ACTION REQUESTED: WE WOULD APPRECIATE BEING INFORMED OF DATES WHEN THE SPANISH BUDGET OFFICIALS CAN BE PROGRAMED IN THE US, AND, SUBSEQUENTLY, BEING PROVIDED A PROVISIONAL SCHEDULE IN WASHINGTON LIMITED OFFICIAL USE

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AND CALIFORNIA. WE ASSUME THAT ASSOCIATING THIS PROJECT WITH THE JOINT ECONOMIC COMMITTEE WOULD BE IN OUR INTEREST AND WOULD APPRECIATE CONFIRMATION THAT DEPARTMENT AGREES.

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